

[Provisional Translation Only]

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Issuer

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Ichigo Hotel Operating Results – September 2018

Portfolio Revenue, RevPAR, Occupancy, and ADR

Total (19 Hotels)

	September 2018 (A)	(Previous) September 2017 (B)	Difference (A) - (B)	YOY Change	August 2018 – September 2018 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	724.1	769.7	-45.7	-5.9%	1,640.9	+4.5	+0.3%
RevPAR (JPY)	7,164	7,580	-416	-5.5%	8,037	+93	+1.2%
Occupancy (%)	87.8	90.6	-2.7	-3.0%	91.3	-1.0	-1.0%
ADR (JPY)	8,156	8,370	-215	-2.6%	8,807	+192	+2.2%

Variable Rent Hotels (12 Hotels)

	September 2018 (A)	(Previous) September 2017 (B)	Difference (A) - (B)	YOY Change	August 2018 – September 2018 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	487.1	541.7	-54.5	-10.1%	1,110.7	-28.3	-2.5%
RevPAR (JPY)	7,672	8,602	-930	-10.8%	8,684	-229	-2.6%
Occupancy (%)	88.5	93.9	-5.4	-5.7%	91.9	-2.9	-3.1%
ADR (JPY)	8,665	9,160	-495	-5.4%	9,449	+50	+0.5%

Fixed Rent Hotels (7 Hotels)

	September 2018 (A)	(Previous) September 2017 (B)	Difference (A) - (B)	YOY Change	August 2018 – September 2018 (Current Period-To-Date)		
					Cumulative	YOY Difference	YOY Change
Revenue (JPY million)	236.9	228.1	+8.8	+3.9%	530.1	+32.8	+6.6%
RevPAR (JPY)	6,384	6,014	+370	+6.2%	7,041	+586	+9.1%
Occupancy (%)	86.8	85.4	+1.4	+1.6%	90.2	+2.1	+2.4%
ADR (JPY)	7,357	7,040	+317	+4.5%	7,802	+480	+6.6%

Revenue, RevPAR, Occupancy, and ADR by Hotel

Variable Rent Hotels (12 Hotels)

		September 2018 (A)	(Previous) September 2017 (B)	Difference (A) - (B)	YOY Change	August 2018 – September 2018 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Nest Hotel Sapporo Ekimae	Revenue (JPY million)	52.0	62.6	-10.6	-16.9%	134.1	+6.5	+5.1%
	RevPAR (JPY)	9,427	11,235	-1,808	-16.1%	12,037	+621	+5.4%
	Occupancy (%)	88.0	97.5	-9.5	-9.7%	92.8	-5.2	-5.3%
	ADR (JPY)	10,712	11,522	-810	-7.0%	12,971	+1,325	+11.4%
Nest Hotel Sapporo Odori	Revenue (JPY million)	37.9	53.1	-15.2	-28.6%	110.6	+0.2	+0.2%
	RevPAR (JPY)	9,611	13,493	-3,882	-28.8%	13,853	+92	+0.7%
	Occupancy (%)	83.2	97.4	-14.2	-14.5%	90.3	-7.2	-7.4%
	ADR (JPY)	11,552	13,859	-2,307	-16.6%	15,341	+1,228	+8.7%
Smile Hotel Tokyo Asagaya	Revenue (JPY million)	31.1	28.7	+2.4	+8.2%	63.9	+4.8	+8.1%
	RevPAR (JPY)	8,995	8,269	+726	+8.8%	9,110	+711	+8.5%
	Occupancy (%)	98.2	98.9	-0.7	-0.7%	98.5	-0.4	-0.4%
	ADR (JPY)	9,156	8,361	+795	+9.5%	9,252	+760	+8.9%
Hotel Wing International Nagoya	Revenue (JPY million)	42.4	44.2	-1.8	-4.0%	90.6	-5.7	-5.9%
	RevPAR (JPY)	5,725	5,976	-251	-4.2%	5,975	-410	-6.4%
	Occupancy (%)	91.9	91.1	+0.8	+0.9%	92.8	-1.5	-1.6%
	ADR (JPY)	6,227	6,559	-332	-5.1%	6,440	-334	-4.9%
Smile Hotel Kyoto Shijo	Revenue (JPY million)	33.7	35.8	-2.1	-5.8%	71.2	-2.4	-3.3%
	RevPAR (JPY)	7,206	8,044	-838	-10.4%	7,510	-615	-7.6%
	Occupancy (%)	99.7	100.0	-0.3	-0.3%	99.9	-0.1	-0.1%
	ADR (JPY)	7,226	8,040	-814	-10.1%	7,517	-609	-7.5%

		September 2018 (A)	(Previous) September 2017 (B)	Difference (A) - (B)	YOY Change	August 2018 – September 2018 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Hotel Vista Premio Kyoto	Revenue (JPY million)	26.6	29.3	-2.7	-9.3%	59.1	-3.4	-5.4%
	RevPAR (JPY)	9,225	10,720	-1,494	-13.9%	10,112	-1,087	-9.7%
	Occupancy (%)	89.3	90.2	-0.8	-0.9%	91.9	+1.8	+2.0%
	ADR (JPY)	10,328	11,890	-1,562	-13.1%	11,000	-1,426	-11.5%
Chisun Inn Osaka Hommachi	Revenue (JPY million)	20.6	29.3	-8.6	-29.5%	48.1	-14.2	-22.8%
	RevPAR (JPY)	5,288	7,502	-2,214	-29.5%	6,063	-1,794	-22.8%
	Occupancy (%)	70.6	90.6	-20.1	-22.1%	79.9	-13.2	-14.2%
	ADR (JPY)	7,494	8,279	-785	-9.5%	7,590	-848	-10.0%
Nest Hotel Osaka Shinsaibashi	Revenue (JPY million)	66.1	82.5	-16.4	-19.9%	153.3	-22.2	-12.7%
	RevPAR (JPY)	6,788	8,387	-1,598	-19.1%	7,775	-1,017	-11.6%
	Occupancy (%)	79.1	98.0	-18.9	-19.2%	85.8	-12.4	-12.6%
	ADR (JPY)	8,579	8,560	+19	+0.2%	9,062	+108	+1.2%
Nest Hotel Matsuyama	Revenue (JPY million)	43.7	60.4	-16.7	-27.6%	93.3	-15.1	-13.9%
	RevPAR (JPY)	5,588	7,736	-2,149	-27.8%	5,845	-858	-12.8%
	Occupancy (%)	88.5	94.9	-6.4	-6.7%	92.5	-1.1	-1.2%
	ADR (JPY)	6,316	8,154	-1,839	-22.5%	6,320	-842	-11.8%
Court Hotel Kurashiki	Revenue (JPY million)	29.9	22.9	+7.0	+30.4%	69.8	+13.1	+23.0%
	RevPAR (JPY)	8,382	6,173	+2,209	+35.8%	9,505	+1,987	+26.4%
	Occupancy (%)	96.7	76.1	+20.6	+27.1%	96.9	+17.5	+22.1%
	ADR (JPY)	8,665	8,109	+556	+6.9%	9,813	+338	+3.6%
Valie Hotel Tenjin	Revenue (JPY million)	24.3	22.3	+2.0	+9.0%	46.9	+1.1	+2.3%
	RevPAR (JPY)	9,849	8,905	+943	+10.6%	9,329	+316	+3.5%
	Occupancy (%)	95.3	90.3	+5.1	+5.6%	96.1	+3.7	+4.1%
	ADR (JPY)	10,332	9,866	+465	+4.7%	9,710	-52	-0.5%
Nest Hotel Naha	Revenue (JPY million)	78.9	70.7	+8.2	+11.6%	169.9	+9.1	+5.6%
	RevPAR (JPY)	9,835	9,098	+737	+8.1%	10,951	+663	+6.4%
	Occupancy (%)	93.7	92.2	+1.6	+1.7%	94.1	+0.5	+0.5%
	ADR (JPY)	10,492	9,873	+620	+6.3%	11,632	+650	+5.9%

Fixed Rent Hotels (6 Hotels – excludes Hotel Livemax Nihombashi-Hakozaki)

		September 2018 (A)	(Previous) September 2017 (B)	Difference (A) - (B)	YOY Change	August 2018 – September 2018 (Current Period-To-Date)		
						Cumulative	YOY Difference	YOY Change
Comfort Hotel Kushiro	Revenue (JPY million)	18.2	24.3	-6.1	-25.0%	46.1	-4.3	-8.5%
	RevPAR (JPY)	4,594	6,142	-1,548	-25.2%	5,731	-521	-8.3%
	Occupancy (%)	73.9	91.5	-17.6	-19.2%	83.5	-6.9	-7.6%
	ADR (JPY)	6,220	6,716	-496	-7.4%	6,866	-52	-0.8%
Comfort Hotel Hamamatsu	Revenue (JPY million)	28.3	26.9	+1.4	+5.4%	65.0	+4.4	+7.2%
	RevPAR (JPY)	4,814	4,569	+245	+5.4%	5,435	+366	+7.2%
	Occupancy (%)	83.0	79.6	+3.5	+4.4%	87.0	+4.9	+6.0%
	ADR (JPY)	5,797	5,743	+54	+0.9%	6,245	+72	+1.2%
Comfort Hotel Central International Airport	Revenue (JPY million)	92.4	88.1	+4.3	+4.9%	195.9	+4.5	+2.3%
	RevPAR (JPY)	8,472	7,630	+842	+11.0%	8,856	+691	+8.5%
	Occupancy (%)	92.7	86.3	+6.4	+7.4%	94.4	+4.4	+4.9%
	ADR (JPY)	9,135	8,836	+298	+3.4%	9,385	+312	+3.4%
Comfort Hotel Suzuka	Revenue (JPY million)	13.3	12.0	+1.3	+11.2%	40.4	+8.6	+27.2%
	RevPAR (JPY)	4,172	3,744	+429	+11.5%	6,233	+1,340	+27.4%
	Occupancy (%)	75.5	68.3	+7.2	+10.5%	84.8	+4.2	+5.2%
	ADR (JPY)	5,529	5,482	+47	+0.9%	7,347	+1,281	+21.1%
Comfort Hotel Okayama	Revenue (JPY million)	37.8	36.4	+1.5	+4.0%	83.1	+3.5	+4.4%
	RevPAR (JPY)	5,823	5,617	+206	+3.7%	6,299	+255	+4.2%
	Occupancy (%)	88.5	88.3	+0.2	+0.2%	89.7	-0.6	-0.6%
	ADR (JPY)	6,579	6,360	+219	+3.4%	7,021	+328	+4.9%
Urbain Hiroshima Executive	Revenue (JPY million)	37.2	32.2	+5.0	+15.7%	81.4	+13.5	+19.9%
	RevPAR (JPY)	7,256	6,273	+983	+15.7%	7,801	+1,297	+19.9%
	Occupancy (%)	93.3	91.6	+1.8	+1.9%	95.6	+3.6	+3.9%
	ADR (JPY)	7,776	6,851	+925	+13.5%	8,161	+1,090	+15.4%

Notes:

1. The above data are as provided by the hotel operators or as calculated by Ichigo Investment Advisors based on information provided by the hotel operators. The data have not been audited and thus their accuracy cannot be guaranteed and may not match data disclosed in future releases.
2. Revenue is revenue from accommodations and related services only. Rent from retail tenants at Hotel Vista Premio Kyoto, Chisun Inn Osaka Hommachi, and Smile Hotel Tokyo Asagaya is not included.
3. RevPAR (Revenue Per Available Room) is calculated with the following formula:
$$\text{RevPAR} = \text{Total Revenue from accommodations (excluding restaurant charges and other service fees)} / \text{number of available guest rooms.}$$
4. Occupancy is calculated with the following formula:
$$\text{Occupancy} = \text{Total number of guest rooms occupied during the period} / (\text{total number of guest rooms} * \text{number of days hotel was in operation during the period})$$

Occupancy may exceed 100% in the following cases: 1) a guest had pre-paid for a guest room but checked out early, allowing the guest room to be occupied by a different guest; or 2) a guest room is occupied for less than one day by different guests.
5. ADR (Average Daily Rate) is calculated with the following formula:
$$\text{ADR} = \text{Total revenue from accommodations (excluding restaurant charges and other service fees)} / \text{number of guest rooms occupied during the period.}$$
6. Data for Hotel Livemax Nihombashi-Hakozaki are included in the total hotel and fixed rental hotel data above, but not separately disclosed because the hotel operator did not provide consent to disclose hotel-specific data.
7. Hotel Suave Kobe Asuta and Grandpark-Inn Yokohama are excluded from the above data because the hotel operators did not give consent to disclose hotel-specific data that would allow for year-on-year comparisons.
8. Pre-acquisition data for acquired hotels is based on data received from the previous owners.

Explanation of Changes

Reservation cancellations linked to Japan's recent natural disasters resulted in year-on-year decreases in Revenue, RevPAR, Occupancy, and ADR at hotels in Hokkaido, Osaka, and Kyoto. The Nest Hotel Matsuyama also experienced a year-on-year drop-off after last year's unusual strength supported by Japan's national student sports championship being held nearby. These weaker results were partially offset by year-on-year increases at other hotels, with the Court Hotel Kurashiki being particularly strong. The Court Hotel Kurashiki generated significant year-on-year increases in Revenue, RevPAR, Occupancy, and ADR due to business demand driven by reconstruction work after July's heavy rainfalls.

Although variable hotel earnings in Hokkaido, Osaka, and Kyoto came in JPY 22 million lower than forecast in September, this is less than 1% of this period's operating revenue forecast, and hotels in other areas came in above forecast. Ichigo Hotel is committed to driving higher earnings for its shareholders.

Please note that there were no injuries or material damages at any Ichigo Hotel asset due to the natural disasters.

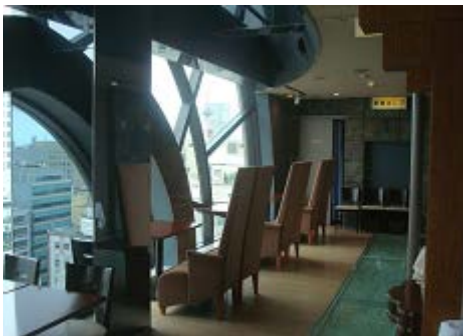
Value-Add Actions

Ichigo Hotel has completed renovations to increase capacity at the Nest Hotel Sapporo Odori's restaurant from 36 seats to 42 seats. The restaurant offers a breakfast buffet featuring local Hokkaido seafood which is extremely popular with guests, so the additional capacity will be helpful in serving more guests.

Ichigo Hotel will continue to work closely with its hotel operator partners to carry out value-add capex and drive higher earnings.

Nest Hotel Sapporo Odori – Restaurant Renovation

Before



After

